

**SENATE BILL**

**No. 10**

**Introduced by Senator Ashburn**

May 19, 2005

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An act to relating to hybrid retirement programs.

LEGISLATIVE COUNSEL'S DIGEST

SB 10, as introduced, Ashburn. Public employees' retirement: hybrid programs.

Existing law creates public retirement systems that provide defined benefits. Existing law provides for the contribution of money prior to the calculation of taxes to tax-deferred savings accounts.

This bill would require the Board of Administration of the Public Employees' Retirement System and retirement boards of city, county, city and county, and district retirement systems to create hybrid retirement programs, as specified, for public employees hired on and after January 1, 2006, that contain a defined benefit plan funded by employer contributions and a defined contribution plan funded by employee contributions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Board of Administration of the Public
- 2 Employees' Retirement System and the retirement boards of city,
- 3 county, city and county, and district retirement systems shall
- 4 create hybrid retirement programs for public employees who are
- 5 hired on and after January 1, 2006, that have the following
- 6 characteristics:

1 (a) The hybrid retirement program shall have a defined benefit  
2 plan funded by employer contributions and a defined  
3 contribution plan for employee contributions.

4 (1) Except as provided below, the employer shall contribute  
5 for each employee 6 percent of gross compensation and the  
6 employee shall contribute 6 percent. The employee shall be  
7 permitted to make additional tax-free contributions up to the  
8 limits of federal law.

9 (2) The employer shall contribute for each peace officer or  
10 firefighter employee 9 percent of gross compensation and the  
11 peace officer or firefighter employee shall contribute 5 percent.  
12 The peace officer or firefighter employee shall be permitted to  
13 make additional tax-free contributions up to the limits of federal  
14 law.

15 (b) Employer contributions shall vest with the employee after  
16 60 months of employment. Employee contributions shall vest and  
17 be available for loan. Subject to federal regulation, the accounts  
18 shall be transferable.

19 (c) Employee defined contribution accounts shall pass to a  
20 beneficiary designated by the member.

21 (d) Employees participating in the hybrid retirement program  
22 shall be eligible for supplemental tax-deferred savings plans.

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